

**A B GRAPHIC INTERNATIONAL LIMITED**

**Report and Financial Statements**

**30 April 2010**

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# **A B GRAPHIC INTERNATIONAL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

M P Burton (Chairman)  
C N Burton  
D W Kirkham  
T W H Bell  
L J Lowde  
D Lawson

#### **SECRETARY**

L J Lowde

#### **REGISTERED OFFICE**

Celebration House  
Stanley Street  
Burton on Trent  
Staffordshire  
DE14 1DY

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Leeds, United Kingdom

# **A B GRAPHIC INTERNATIONAL LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 30 April 2010

### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was precision engineering and the design and manufacture of machines and materials, principally for the paper and converting trade. There have been no significant changes in the company's principal activities in the year under review.

The directors are satisfied with the results for the year and believe the company is well placed to support further developments and growth for the future.

The directors regard R&D as essential for continuing success in the medium to long term future.

There have been no significant events since the balance sheet date.

One of the key performance indicators used within the company is the return on capital employed in terms of operating profit before taxation. The return for the current year is 16.7% compared with 16.1% in the prior year. The profit and loss on page 6 of the financial statements shows that the company made a profit before tax of £997,802 (2009 £1,594,352).

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Competitive pressure in the market is a continuing risk for the company, which could result in losing sales to other competitors, both in the UK and overseas. The company manages this risk by forming and maintaining strong relationships with all customers, offering and justifying value added services, which the company feels it is uniquely experienced to provide and has extensive knowledge of the market. The company also strives to continually improve levels of service and technical expertise on offer to its customers.

The company exports worldwide and also imports in other currencies than sterling, primarily Euros and US Dollars. The company is therefore exposed to the movement in rates of exchange against sterling. The company manages this risk by operating bank accounts in both Euros and US Dollars in order to facilitate the payment to suppliers in the same currency as received from customers and therefore reducing the need to exchange currency via sterling. The company also enters into foreign currency forward contracts in order to hedge exposure to foreign exchange risks for any anticipated surplus or deficit although the company had no open contracts at the year end.

The company continues to be cash generative from operations, has no external debt and the directors consider it to be in a strong position to operate through these difficult economic times. See note 1 for more details of the directors' consideration of going concern.

### **ENVIRONMENT**

The company is committed to preventing any possible adverse effects upon the environment and people, arising from its activities.

The company seeks to minimise wherever possible the volume of waste it creates as a result of its activities. However some waste is inevitable and where possible this is consolidated for reprocessing or recycling. Only licensed, approved specialist waste disposal contacts are used where disposal is the only option available.

### **EMPLOYEES**

The company policy is to keep employees informed on matters relevant to them as employees through regular meetings and notices.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £607,358 (2009 £1,720,342). Dividends of £3,000,000 (2009 nil), £150 per equity share (2009 nil) were paid during the year.

### **DIRECTORS**

The current directors of the company are listed on page 1.

During the year, Mr C N Burton and Mr M P Burton were also directors of the ultimate parent company, GHB (Holding) Limited.

# **A B GRAPHIC INTERNATIONAL LIMITED**

## **DIRECTORS' REPORT**

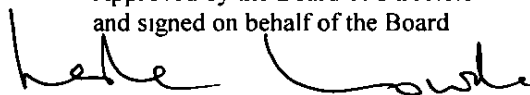
### **AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board of Directors  
and signed on behalf of the Board



**L J Lowde**  
Company Secretary

26 January 2011

## **A B GRAPHIC INTERNATIONAL LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A B GRAPHIC INTERNATIONAL LIMITED**

We have audited the financial statements of A B Graphic International Limited for the year ended 30 April 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the Cash flow Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 April 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

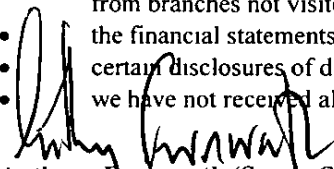
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

  
**Anthony Farnworth (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Leeds, United Kingdom

28 JANUARY 2011

# A B GRAPHIC INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30 April 2010

	Note	2010 £	2009 £
<b>TURNOVER</b>	2	20,263,980	19,358,681
Cost of sales		(16,849,521)	(15,335,350)
<b>GROSS PROFIT</b>		3,414,459	4,023,331
Distribution costs		(739,173)	(797,977)
Administrative expenses		(1,661,957)	(1,822,608)
<b>OPERATING PROFIT</b>	3	1,013,329	1,402,746
Interest receivable and similar income	6	46,473	127,014
Other finance charges	7	(62,000)	(4,000)
Dividend receivable	8	-	68,592
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		997,802	1,594,352
Tax (charge)/credit on profit on ordinary activities	9	(390,444)	125,990
<b>PROFIT RETAINED FOR THE FINANCIAL YEAR</b>	20	607,358	1,720,342

All amounts are derived from continuing operations

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 30 April 2010

	2010 £	2009 £
Profit on ordinary activities after taxation	607,358	1,720,342
Actuarial loss relating to pension schemes	(415,000)	(406,000)
Deferred tax movement associated with actuarial loss	116,000	114,000
<b>Total recognised gains and losses in the year and since last financial statements</b>	<b>308,358</b>	<b>1,428,342</b>

# A B GRAPHIC INTERNATIONAL LIMITED


## BALANCE SHEET 30 April 2010

	Note	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible assets	10	1,378,507	1,046,837
Investments	11	19,568	19,568
		<u>1,398,075</u>	<u>1,066,405</u>
<b>CURRENT ASSETS</b>			
Stocks	12	3,321,794	3,257,816
Debtors	13	4,226,544	3,836,196
Cash on term deposit		4,017,943	4,517,812
Cash at bank and in hand		647,683	1,288,196
		<u>12,213,964</u>	<u>12,900,020</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(6,512,771)</u>	<u>(4,475,836)</u>
<b>NET CURRENT ASSETS</b>		<u>5,701,193</u>	<u>8,424,184</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,099,268</u>	<u>9,490,589</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	15	(61,580)	(34,514)
<b>Accruals and deferred income</b>			
Deferred government grants	16	<u>(37,665)</u>	<u>(31,410)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>7,000,023</u>	<u>9,424,665</u>
Pension liability	22	<u>(955,000)</u>	<u>(688,000)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>6,045,023</u>	<u>8,736,665</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	20,000	20,000
Share premium account	20	329	329
Profit and loss account	20	6,024,694	8,716,336
<b>SHAREHOLDERS' FUNDS</b>	20	<u>6,045,023</u>	<u>8,736,665</u>

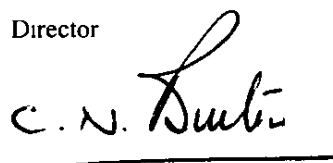
The financial statements of AB Graphic International Limited registered number 538043 were approved by the Board of Directors on **26 JANUARY** 2011

Signed on behalf of the Board of Directors

**M P Burton**  
Chairman



**C N Burton**  
Director





# A B GRAPHIC INTERNATIONAL LIMITED

## CASH FLOW STATEMENT 30 April 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	21	2,196,089	2,384,854
Returns on investments and servicing of finance	21	46,473	195,606
Taxation	21	164,197	147,045
Capital expenditure and financial investment	21	(547,141)	(277,223)
Management of liquid resources	21	499,869	(1,988,407)
Equity dividend paid	20	(3,000,000)	-
(Decrease)/increase in cash		<u>(640,513)</u>	<u>461,875</u>

### Reconciliation of net cash flow to movement in net funds

	Note	2010 £	2009 £
(Decrease)/increase in cash	21	(640,513)	461,875
Cash (outflow)/inflow from decrease in liquid resources	21	<u>(499,869)</u>	<u>1,988,407</u>
Movement in net funds		(1,140,382)	2,450,282
Net funds at 1 May	21	<u>5,806,008</u>	<u>3,355,726</u>
Net funds at 30 April	21	<u>4,665,626</u>	<u>5,806,008</u>

# **A B GRAPHIC INTERNATIONAL LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 30 April 2010**

### **1 ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

#### **Basis of preparation**

The company is exempt from the requirement to prepare group accounts because it is a wholly owned subsidiary of GHB (Holding) Limited and GHB (Holding) Limited has prepared audited consolidated accounts to the same date, accordingly the accounts present information about the company as an individual undertaking and not about its group.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report.

The company has considerable cash resources and no external debt. It has a well diversified customer portfolio, and supply contracts with a number of suppliers across different geographical areas and industries.

As a consequence, the directors believe that the company is well placed to manage its business risks successfully going forwards.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Research and development**

Research and development expenditure is written off in the year in which it is incurred.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the assets over their estimated useful lives and has been applied on the following basis and rates during the year:

Freehold buildings	- 2% straight line
Plant and machinery	- 10 – 33% straight line
Fixtures, fittings and equipment	- 10 – 25% straight line
Motor vehicles	- 25% straight line

#### **Government grants**

Government grants in respect of capital expenditure are credited to deferred income and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables – actual purchase price

Work in progress and finished goods – cost of direct materials and labour plus attributable overheads

Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

**NOTES TO THE ACCOUNTS**

**Year ended 30 April 2010**

**1 ACCOUNTING POLICIES (continued)**

**Investments**

Investments are stated at cost less provision for impairment

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax, in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is measured on a non-discounted basis

**Foreign currencies**

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account

**Pension costs**

Certain employees are members of a defined benefit pension scheme operated by the ultimate parent undertaking. The scheme is closed to new members and further accrual. Under Financial Reporting Standard 17 'Retirement Benefits', the pension scheme assets in respect of these guarantees are measured using fair values whilst the pension liabilities are measured using a projected unit method and discounted using an appropriate discount rate. The pension liability is recognised in full, net of deferred tax, and presented on the face of the balance sheet. The movement in the deficit is split between finance charges in the profit and loss account and in the statement of total recognised gains and losses. The expected return on assets is credited to other financing costs. The actuarial gain or loss is charged through the statement of total recognised gains and losses and is made up of the difference between the expected return on assets and those actually achieved and any changes in the assumptions and experiences used in the valuations

Employees are eligible to join a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

Certain directors of the company are members of a small self-administered defined contribution scheme. Contributions are made by the ultimate parent company, GHB (Holding) Limited and relevant details are disclosed in that company's financial statements

# **A B GRAPHIC INTERNATIONAL LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 30 April 2010**

### **2. TURNOVER**

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is wholly derived from the company's principal continuing activities

An analysis of turnover by geographical market is given below

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
United Kingdom	2,982,858	1,846,818
Other European countries	7,169,396	9,050,183
Other	10,111,726	8,461,680
	<u>20,263,980</u>	<u>19,358,681</u>

### **3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting)

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Depreciation of owned fixed assets	233,090	225,193
(Profit)/loss on disposal of fixed assets	(1,094)	3,467
Profit on foreign currency translation	(17,217)	(161,779)
Government grants released	(10,270)	(15,059)
Research and development expenditure	89,787	39,722
Auditors' Remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	12,100	12,100
Other services pursuant to legislation - tax and total non audit fees	5,000	5,000
	<u>12,100</u>	<u>12,100</u>

### **4. STAFF COSTS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,928,059	3,594,346
Social security costs	384,313	352,450
Other pension costs	187,631	201,097
	<u>4,500,003</u>	<u>4,147,893</u>

The monthly average number of employees during the year was as follows

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
Production	109	96
Management, Administration and Sales	36	33
	<u>145</u>	<u>129</u>

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2010

### 5. DIRECTORS' EMOLUMENTS

	2010 £	2009 £
Emoluments	350,156	517,298
Pension contributions	16,790	14,788
Remuneration of the highest paid director		
Emoluments	128,603	198,112
Pension contributions	5,690	5,396

Two of the directors are members of a self-administered defined contribution pension scheme. Contributions are made by the ultimate parent company, GHB (Holding) Limited, and relevant details are disclosed in that company's financial statements.

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Bank interest receivable	33,472	103,934
Interest on tax refund	13,001	23,080
	46,473	127,014

### 7. OTHER FINANCE CHARGES

	2010 £	2009 £
Expected return on pension scheme assets	162,000	234,000
Interest on pension scheme liabilities	(224,000)	(238,000)
	(62,000)	(4,000)

### 8. DIVIDEND RECEIVABLE

	2010 £	2009 £
Dividend receivable from associate	-	68,592

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2010

### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010 £	2009 £
United Kingdom corporation tax at 28% (2009 28%)	133,342	35,465
Adjustment in respect of prior years	217,036	(165,000)
Total current tax	350,378	(129,535)
Deferred taxation		
Origination and reversal of timing differences	39,176	(246)
Adjustments in respect of prior years	890	3,791
Tax charge/(credit) on profit on ordinary activities	390,444	(125,990)

#### Factors affecting current tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2009 28%)

The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation

	2010 £	2009 £
<b>Profit on ordinary activities before taxation</b>	997,802	1,594,352
Tax on profit on ordinary activities at standard rate	279,385	446,419
<i>Factors affecting charge for the year</i>		
Research and development tax credits	(116,185)	(386,629)
Expenses not deductible for tax purposes	34,458	3,078
Capital allowances in excess of depreciation	(26,175)	16,237
Movement in FRS 17 pension liability	(13,000)	(16,000)
Income not taxable	(25,141)	-
Utilisation of tax losses	-	(8,434)
Tax relief on foreign dividends	-	(19,206)
Prior year adjustments	217,036	(165,000)
Total current tax charge/(credit)	350,378	(129,535)

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2010

### 10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 May 2009	327,014	1,846,105	572,306	256,707	3,002,132
Additions	177,459	290,363	51,585	77,108	596,515
Disposals	-	(145,265)	(15,277)	(72,765)	(233,307)
At 30 April 2010	504,473	1,991,203	608,614	261,050	3,365,340
<b>Depreciation</b>					
At 1 May 2009	69,020	1,354,018	396,477	135,780	1,955,295
Provided during the year	7,315	108,859	58,150	58,766	233,090
Disposals	-	(127,122)	(15,277)	(59,153)	(201,552)
At 30 April 2010	76,335	1,335,755	439,350	135,393	1,986,833
<b>Net book value</b>					
At 30 April 2010	428,138	655,448	169,264	125,657	1,378,507
At 30 April 2009	257,994	492,087	175,829	120,927	1,046,837

### 11. INVESTMENTS

	Shares in group undertakings £	Interest in associated companies £	Total £
<b>Cost</b>			
At 1 May 2009 and 30 April 2010	15,756	19,568	35,324
<b>Amounts provided</b>			
At 1 May 2009 and 30 April 2010	15,756	-	15,756
<b>Net book value</b>			
At 30 April 2009 and 30 April 2010	-	19,568	19,568

Subsidiary undertaking	Country of incorporation	Nature of business	Proportion of issued equity capital held
Burton Engineering Company Limited	England and Wales	Dormant	100%
A B Graphic Machinery (Espana)	England and Wales	Supply of print machinery	50%

### 12. STOCKS

	2010 £	2009 £
Raw materials	888,755	874,547
Work in progress	1,519,715	1,058,653
Finished goods	913,324	1,324,616
	3,321,794	3,257,816

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2010

### 13. DEBTORS

	2010 £	2009 £
Trade debtors	1,522,918	876,589
Amounts owed by group undertakings	2,330,122	2,512,317
Amounts owed by associate	-	61,461
Other debtors	184,740	200,657
Prepayments and accrued income	185,080	183,075
Amounts owed by related parties (note 18)	3,684	2,097
	<u>4,226,544</u>	<u>3,836,196</u>

### 14. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Payments received on account	914,977	1,231,504
Trade creditors	3,154,005	1,701,534
Amounts owed to group undertakings	90,635	98,685
Amounts owed to associate	65,597	-
Corporation tax	665,735	151,160
Other taxation and social security	151,037	114,799
Accruals and deferred income	1,470,785	1,178,154
	<u>6,512,771</u>	<u>4,475,836</u>

### 15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £
At 1 May 2009	34,514
Profit and loss account movement arising during the year	<u>27,066</u>
At 30 April 2010	<u>61,580</u>

The amounts of deferred tax provided and unprovided in the financial statements are

	Provided 2010 £	2009 £	Unprovided 2010 £	2009 £
Capital allowances in excess of depreciation	<u>61,580</u>	<u>61,580</u>	<u>-</u>	<u>-</u>



# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2010

### 16. ACCRUALS AND DEFERRED INCOME

	Deferred government grants £
Balance as at 1 May 2009	31,410
Additions	16,525
Released during the year	(10,270)
Balance at 30 April 2010	<u>37,665</u>

### 17. CONTINGENT LIABILITY

The company has given unlimited multilateral guarantees in respect of amounts due to the bank by its ultimate parent and fellow subsidiary undertakings. At 30 April 2010 the amounts due by these companies were £nil (2009 £nil)

### 18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FR8 from disclosing transactions with related parties that are wholly owned members of the GHB (Holding) Group

Mr M P Burton and Mr C N Burton are also directors and shareholders of Celebration Holdings Limited and Stera Holdings Limited, and their subsidiary companies. During the year, A B Graphic International Limited sold £nil (2009 £1,170) of goods to Celebration Holdings Limited and its subsidiary Celebration Paper and Plastics Limited and £66 (2009 £762) to Stera Holdings Limited and its subsidiary Stera-Tape Limited. These transactions were on normal commercial terms.

At the balance sheet date, the amount due from Celebration Holdings Limited and Celebration Paper and Plastics Limited is £1,000 (2009 £nil) and the amount due from Stera Holdings Limited and Stera-Tape Limited is £2,684 (2009 £2,097).

### 19. CALLED UP SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2010

### 20. COMBINED RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
At 30 April 2008	20,000	329	7,287,994	7,308,323
Profit for the year	-	-	1,720,342	1,720,342
Actuarial loss relating to pension scheme	-	-	(406,000)	(406,000)
Deferred tax movement on actuarial loss	-	-	114,000	114,000
At 30 April 2009	20,000	329	8,716,336	8,736,665
Profit for the year	-	-	607,358	607,358
Actuarial loss relating to pension scheme	-	-	(415,000)	(415,000)
Deferred tax movement on actuarial loss	-	-	116,000	116,000
Dividend paid	-	-	(3,000,000)	(3,000,000)
At 30 April 2010	20,000	329	6,024,694	6,045,023

### 21. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2010 £	2009 £
Operating profit	1,013,329	1,402,746
Depreciation	233,090	225,193
(Profit)/loss on disposal of fixed assets	(1,094)	3,467
Deferred government grants released	(10,270)	(15,059)
Defined benefit pension scheme credit less contributions paid	(107,000)	(61,000)
(Increase)/decrease in stocks	(63,978)	130,843
(Increase)/decrease in debtors	(390,348)	914,726
Increase/(decrease) in creditors	1,522,360	(216,062)
Net cash inflow from operating activities	2,196,089	2,384,854

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2010

### 21. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

#### (b) Return on investments and servicing of finance

	2010 £	2009 £
Dividend received	-	68,592
Interest received	46,473	127,014
	<u>46,473</u>	<u>195,606</u>

#### (c) Taxation

	2010 £	2009 £
Corporation tax repaid	164,197	147,045
	<u>164,197</u>	<u>147,045</u>

#### (d) Capital expenditure and financial investment

	2010 £	2009 £
Payments to acquire tangible fixed assets	(596,515)	(282,644)
Receipts from sales of tangible fixed assets	32,849	5,421
Receipts from government grants	16,525	-
	<u>(547,141)</u>	<u>(277,223)</u>

#### (e) Management of liquid resources

	2010 £	2009 £
Cash withdrawn from/(placed on) term deposit	499,869	(1,988,407)
	<u>499,869</u>	<u>(1,988,407)</u>

#### (f) Analysis of changes in net funds

	At 1 May 2009 £	Cash Flows £	At 30 April 2010 £
Cash at bank and in hand	1,288,196	(640,513)	647,683
Cash on term deposit	4,517,812	(499,869)	4,017,943
	<u>5,806,008</u>	<u>(1,140,382)</u>	<u>4,665,626</u>

# **A B GRAPHIC INTERNATIONAL LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 30 April 2010**

### **22. PENSION COMMITMENTS**

Certain company employees are members of a defined benefit pension scheme operated by GHB (Holding) Limited (the "Scheme"). This includes employees of AB Graphic International Limited, the parent undertaking GHB (Holding) Limited and related parties Celebration Paper and Plastics Limited and Stera-Tape Limited. The scheme is closed to new entrants and the accrual of future benefits.

The valuation used for Financial Reporting Standard No 17 ("FRS 17") disclosures has been based on the most recent actuarial valuation as at 6 April 2009 and updated by First Actuarial plc to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 30 April 2010 and 30 April 2009. Scheme assets are stated at their market value at the respective balance sheet dates.

	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Main assumptions			
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase in pension in payment	3.3	3.1	3.5
Rate of increase in deferred pensions	3.5	3.2	3.7
Discount rate	5.7	6.6	6.2
Inflation assumption	3.5	3.2	3.7

The assumed life expectations on retirement at age 65 are

	<b>2010</b>	<b>2009</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
Males	22.3	22.2
Females	24.7	24.6
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.5

Amounts recognised in the profit and loss account in respect of the defined benefit schemes are as follows

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Interest cost	(224,000)	(238,000)
Expected return on scheme assets	162,000	234,000
	<u>(62,000)</u>	<u>(4,000)</u>

Actuarial gains and losses have been reported in the statement of total recognised gains and losses

The actual return on scheme assets was £714,000 (2009: loss £780,000)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS 17 is £(1,395,000) (2009: £(980,000))

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2010

### 22. PENSION COMMITMENTS (continued)

Movements in the present value of defined benefit obligations were as follows

	2010 £	2009 £
At 1 May	3,432,000	3,863,000
Interest cost	224,000	238,000
Actuarial gains and losses	967,000	(608,000)
Benefits paid	(71,000)	(61,000)
At 30 April	<u>4,552,000</u>	<u>3,432,000</u>

Movements in the fair value of scheme assets were as follows

	2010 £	2009 £
At 1 May	2,476,000	3,256,000
Expected return on scheme assets	162,000	234,000
Actuarial gains and losses	552,000	(1,014,000)
Contributions from the sponsoring companies	107,000	61,000
Benefits paid	(71,000)	(61,000)
At 30 April	<u>3,226,000</u>	<u>2,476,000</u>

The assets and liabilities of the scheme attributed to A B Graphic International Limited and the expected rate of return at 30 April are

	2010		2009		2008	
	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £	Long-term rate of return expected %	Value £
Equities	7.35	2,419,000	7.0	1,832,000	7.8	2,279,000
Bonds	4.7	581,000	5.0	471,000	5.4	619,000
Others	4.7	226,000	5.0	173,000	5.4	358,000
Total market value of assets		3,226,000		2,476,000		3,256,000
Present value of scheme liabilities		(4,552,000)		(3,432,000)		(3,863,000)
Deficit in the scheme		(1,326,000)		(956,000)		(607,000)
Related deferred tax asset		371,000		268,000		170,000
Net pension deficit		<u>(955,000)</u>		<u>(688,000)</u>		<u>(437,000)</u>

# A B GRAPHIC INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

Year ended 30 April 2010

### 22 PENSION COMMITMENTS (continued)

The five year history of experience adjustments is as follows

	2010 £	2009 £	2008 £	2007 £	2006 £
Present value of defined benefit obligations	(4,552,000)	(3,432,000)	(3,863,000)	(3,792,000)	(3,535,000)
Fair value of scheme assets	3,226,000	2,476,000	3,256,000	3,319,000	3,103,000
Deficit in the scheme	(1,326,000)	(956,000)	(607,000)	(473,000)	(432,000)
Experience adjustments on scheme liabilities (£)	(967,000)	608,000	65,000	(124,000)	235,000
Percentage of scheme liabilities (%)	(21)	18	2	(3)	7
Experience adjustments on scheme assets (£)	552,000	(1,014,000)	(419,000)	48,000	535,000
Percentage of scheme assets (%)	17	(40)	(13)	1	17

Certain directors of the company are members of a self administered fund defined contribution scheme Contributions are made by the ultimate parent company and relevant details are disclosed in the company's financial statements

Other employees are eligible to join a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independent administered fund There are no amounts accrued or prepaid at the year end or previous year end

The total contributions paid by the company during the year to the schemes were £187,631 (2009 £201,097)

## **A B GRAPHIC INTERNATIONAL LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 30 April 2010**

#### **23. ULTIMATE PARENT COMPANY**

The immediate and ultimate parent undertaking is GHB (Holding) Limited, registered in England and Wales. Copies of the accounts of GHB (Holding) Limited can be obtained from Companies House, Crown Way, Mandy, Cardiff.

In the opinion of the directors the ultimate controlling party is the Burton family.